



AGENDA DATE: 2/2/00
AGENDA ITEM: 7E

STATE OF NEW JERSEY

Board of Public Utilities

*Two Gateway Center
Newark, NJ 07102*

IN THE MATTER OF THE APPLICATION)
OF SERVICE ELECTRIC CABLE T.V. OF)
HUNTERDON, INC FOR AUTHORITY TO)
FURTHER AMEND A FINANCING)
AGREEMENT)

ORDER OF APPROVAL

DOCKET NO. CF99120924

Thomas C. Kelly, West Caldwell, New Jersey for Service Electric Cable T.V.
of Hunterdon, Inc.

Fred S. Grygiel, Chief Economist, Mark C. Beyer, Manager, Leo M. Lim,
Supervising Accountant and Julie Huff, Accountant II, Office of the
Economist and Celeste Fasone, Director, Office of Cable Television,
on behalf of the Board of Public Utilities

BY THE BOARD:

Service Electric Cable T.V. of Hunterdon, Inc., (SEH) a Pennsylvania corporation, with its principal place of business being located at 2260 Avenue A, LVIP #1, Bethlehem, Pennsylvania, is a New Jersey Cable television company operating its cable television business in twelve communities in the counties of Hunterdon and Warren. Specifically, SEH provides cable television service in Hunterdon County in the communities of Alexandria, Frenchtown, Milford, Holland, Kingwood and Bloomsbury and in Warren County in the communities of Alpha, Greenwich, Harmony, Lopatcong, Phillipsburg and Pohatcong.

SEH has been providing cable television service since 1991. Prior to that, a New Jersey affiliate of SEH had been providing service in four of the Hunterdon County communities as well as communities located in Sussex County since the 1970s.

In 1995 SEH applied for our approval to enter into a credit facility (Docket No. CF95100504). Thereafter SEH sought and received our approval for revisions to that credit facility in 1998 (Docket No. CF98010014) and in 1999 (Docket No. CF99060392).

SEH is an affiliate of Service Electric Cable T.V. Inc. (SECTV). SECTV owns and operates cable television systems in the Commonwealth of Pennsylvania. SEH and SECTV are borrowers under each of the 1995, 1998, 1999 and the currently proposed amendment of the credit facility.

SEH is seeking our approval for it to enter into an amendment that will permit SECTV to borrow additional funds for SECTV's use in its systems in Pennsylvania. SEH has recently completed the upgrade of its system here in New Jersey with the funding for such upgrade having come from the prior referred to financing and amendment. The upgrade included the fiber optic upgrade of its system, deployment of digital signals and placement of digital converters. SECTV will now undertake similar and other activities in its systems in Pennsylvania. Some of SECTV's systems are fully competitive systems with other cable operators side by side with SECTV.

As was noted in a prior order on the financing, SEH believes that borrowing with its affiliate allowed it to obtain more favorable terms and leverage. It also benefited SEH as it has completed its upgrade with some of the initial funding under those joint borrowing agreements. Now SECTV will proceed with completing its upgrade.

The material elements of the proposed amendment (Amendment) were described in detail in the filing of SEH on December 15, 1999. The maximum amount borrowable under the loan, as amended, will increase by \$10,000,000.00 to \$80,000,000.00. The initial repayment date will be deferred by six months and the final payment will be deferred until March 31, 2008, one year later than the due date under Amendment No. 1. Financial Covenants were also revised as noted in SEH's filing.

There will be no change in the grant of security previously approved. SEH and SECTV will continue to be jointly and severally liable on the full amount of the loans and all of the material terms and conditions of the credit facility as amended.

Notwithstanding the approval herein granted, in the event of a sale of assets or a future borrowing by SEH, our approval may be necessary if the facts then present warrant such approval as contemplated by the New Jersey Cable Television Act.

After review, the Board HEREBY FINDS that the proposed transactions are to be made in accordance with law, are not contrary to the public interest and approving the purposes thereof HEREBY AUTHORIZES Service Electric Cable T.V. of Hunterdon, Inc., to enter into the Amendment. This Order is subject to the following provisions:

1. This Order shall not be construed as directly or indirectly fixing for any purpose whatsoever the value of the tangible or intangible assets now owned or hereafter to be owned by SEH.
2. This Order shall not affect or in any way limit the exercise of the authority of the Board or of this State in any pending or future petition or in any proceeding with respect to rates, franchises, service, financing, accounting, capitalization, depreciation or in any other matters affecting SEH.
3. SEH agrees to submit to the Board, at the Board's request, copies of all financial statements or materials required to be submitted to the banks in connection with the Amendment or the underlying credit facility.
4. In the event of default under the Amendment, SEH shall notify the Board within five days of such, which will give the Board the opportunity to determine if such default would cause inadequate, unsafe or improper service which could be in violation of N.J.S.A. 48:5A-19, 36 and 39.
5. Notwithstanding anything to the contrary in the Amendment or the underlying documents making up the credit facility agreement, neither this proposed financing nor a default under the agreement or supporting documents constitutes an automatic transfer of SEH property, plant or equipment, or Certificates of Approval under the terms of any security agreement or other document in conjunction with the credit facility including the Amendment. Board approval must be sought pursuant to N.J.S.A. 48:5A-19, 40 and 43.
6. The provisions imposed in the Board's 1998 Order of Approval in Docket No. CF98010014 shall continue to be applicable herein. Specifically, in addition to the above provisions, provisions 6 through 13 shall continue to be binding.
7. Material deviation in the executed closing documents from the terms and conditions of the Amendment from that set forth in the filing by SEH and the supplements filed by SEH will render this Order of Approval voidable. SEH shall file a certification within thirty days of loan closing which shall indicate that there are no material deviations in the final closing documents from those so filed with the Board.
8. Consummation of the transactions approved herein must take place no later than sixty days from the date of service of this Order, unless otherwise extended by the Board.

All parties to the above transactions must comply with the New Jersey Cable Television Act and the applicable sections of the New Jersey Administrative Code.

DATED:
(February 2, 2000)

BOARD OF PUBLIC UTILITIES
BY:

(signed)

HERBERT H. TATE
PRESIDENT

(signed)

CARMEN J. ARMENTI
COMMISSIONER

(signed)

FREDERICK F. BUTLER
COMMISSIONER

ATTEST:

(signed)

EDWARD D. BESLOW
ACTING SECRETARY